GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA

STARRED QUESTION NO:520
ANSWERED ON:25.04.2003
VERIFICATION OF BANK NOTES
MANIKRAO HODLYA GAVIT;PADAMSEN CHAUDHARY

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a)whether attention of the Government has been drawn to the news item published in the Rashtriya Sahara dated March 27, 2003 regarding supply of fake currency notes through banks;

(b) if so, the facts of the matter reported therein;

(c) whether counterfeit currency has reached RBI and the said currency has been sent back to the sender banks/institute by the RBI;

(d) if so, the details about the amount of counterfeit currency and its denominations that were sent to RBI and the names of the institutions which has sent it;

(e) the action taken by the Government in this regard; and

(f) the further steps taken by the Government to make arrangements for verifying the genuineness of currency notes in all banks?

Answer

MINISTER OF FINANCE AND COMPANY AFFAIRS (SHRI JASWANT SINGH)

a) to (e) A statement is placed on the Table of the House.

Government of India
Ministry of Finance
Department of Economic Affairs

(C & C Division)

NOTE FOR PAD

Subject: Lok Sabha Starred Question No.520 for25.4.2003 by Shri Padam Sen Choudhry and Shri Manikrao Hodlya Gavit regarding Verification of Bank Notes.

The Lok Sabha Starred Question No.520 by ShriPadam Sen Choudhry and Shri Manikrao Hodlya Gavit regardingVerification of Bank Notes reads as follows: .

(a) whether attention of the Government has been drawn to the news item published in the Rashtriya Sahara dated March 27,2003 regarding supply of fake currency notes through banks;

(b) if so, the facts of the matter reported therein;

(c) whether counterfeit currency has reached RBI and the said currency has been sent back to the sender banks/institute by the RBI;

(d) if so, the details about the amount of counterfeit currency and its denominations that were sent to RBI and the names of the institutions which has sent it;

(e) the action taken by the Government in this regard; and

(f) the further steps taken by the Government to make arrangements for verifying the genuineness of currency notes in all banks?

Position

The question occupies Position No. 19.

Thrust of the question

The question is based on a Press Report appeared in Rashtriya Sahara on 27.3.2003 (Annexure-I). The Press Report dwells on the reported advice by RBI to Banks and Dist. Treasuries to closely look for counterfeit notes in their collections, on the reported issue of recovery notices made by RBI on Ghaziabad Treasury on account of Counterfeit notes recovered from the monies deposited by the Treasury and the difficulties faced by agencies handling heavy cash deposits by public.

FACTS ON THE QUESTION

During the examination of soiled notes received by the Kanpur office of the Reserve Bank of India (RBI) from currency chest managed by State Bank of India(SBI), Raj Nagar, Gaziabad, 158 pieces of forged notes of value Rs.69,000/- (25 pieces of Rs.100/- notes and 133 pieces of Rs.500/- notes) were detected. RBI has debited the said amount to the Account of the SBI. The forged notes in question have been impounded by RBI, Kanpur and forwarded to police authorities for investigation.

STEPS TAKEN BY RBI TO HELP THE BANKS TO VERIFY THE GENUINENESS OF CURRENCY NOTES;

(i) The Security features of note have been circulated by RBI among the banks.

(ii) RBI has instructed all the banks in India to provide UV Lamps in their branches for detection of forged notes by the cashiers/officers of banks.

(iii) RBI has advised its offices to impart training to the cashiers/officers of the banks and other institutions regarding the security features of bank notes to enable them to detect forged notes.

(iv) The banks have been advised by the RBI to set up Forged Note Vigilance Cell at their Head Offices for monitoring the implementation of RBI's instructions etc. on forged notes.

Reserve Bank of India(RBI) has further instructed all the currency chest branches of the banks to carefully examine the notes received by them at their end and segregate and impound the forged notes found in note packets, and to ensure that in no case the entire note packet with forged notes therein is returned to the tenderer. The banks have been cautioned that continuous detection of forged notes in their remittances would be construed as their willful involvement in the circulation of forged notes and the matter will be reported to police for necessary investigation after suspending the chest operations.

A brief on Fake Indian Currency Notes (FICN) and attendant issues is also placed below.